

§ 1026.600

Subpart F—Special Standards of Diligence; Prohibitions; and Special Measures for Futures Commission Merchants and Introducing Brokers in Commodities

§ 1026.600 General.

Futures commission merchants and introducing brokers in commodities are subject to the special standards of diligence; prohibitions; and special measures requirements set forth and cross referenced in this subpart. Futures commission merchants and introducing brokers in commodities should also refer to subpart F of part 1010 of this chapter for special standards of diligence; prohibitions; and special measures contained in that subpart which apply to futures commission merchants and introducing brokers in commodities.

§ 1026.610 Due diligence programs for correspondent accounts for foreign financial institutions.

- (a) Refer to § 1010.610 of this chapter.
- (b) [Reserved]

§ 1026.620 Due diligence programs for private banking accounts.

- (a) Refer to § 1010.620 of this chapter.
- (b) [Reserved]

§ 1026.630 Prohibition on correspondent accounts for foreign shell banks; records concerning owners of foreign banks and agents for service of legal process.

- (a) Refer to § 1010.630 of this chapter.
- (b) [Reserved]

§ 1026.640 [Reserved]

§ 1026.670 Summons or subpoena of foreign bank records; termination of correspondent relationship.

- (a) Refer to § 1010.670 of this chapter.
- (b) [Reserved]

PART 1027—RULES FOR DEALERS IN PRECIOUS METALS, PRECIOUS STONES, OR JEWELS

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Subpart F—Special Standards of Diligence; Prohibitions, and Special Measures for Dealers in Precious Metals, Precious Stones, or Jewels

1027.600–1027.670 [Reserved]

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Subpart A—Definitions

§ 1027.100 Definitions.

Refer to § 1010.100 of this chapter for general definitions not noted herein. To the extent there is a differing definition in § 1010.100 of this chapter, the definition in this section is what applies to part 1027. Unless otherwise indicated, for purposes of this part:

(a) *Covered goods* means:

(1) Jewels (as defined in paragraph (c) of this section);

(2) Precious metals (as defined in paragraph (d) of this section);

(3) Precious stones (as defined in paragraph (e) of this section); and

(4) Finished goods (including, but not limited to, jewelry, numismatic items, and antiques), that derive 50 percent or more of their value from jewels, precious metals, or precious stones contained in or attached to such finished goods;

(b) *Dealer*. (1) Except as provided in paragraphs (b)(2) and (b)(3) of this section, the term “dealer” means a person engaged within the United States as a business in the purchase and sale of covered goods and who, during the prior calendar or tax year:

(i) Purchased more than \$50,000 in covered goods; and

(ii) Received more than \$50,000 in gross proceeds from the sale of covered goods.

(2) For purposes of this section, the term “dealer” does not include:

(i) A retailer (as defined in paragraph (f) of this section), unless the retailer, during the prior calendar or tax year, purchased more than \$50,000 in covered goods from persons other than dealers or other retailers (such as members of the general public or foreign sources of supply); or

(ii) A person licensed or authorized under the laws of any State (or political subdivision thereof) to conduct business as a pawnbroker, but only to the extent such person is engaged in pawn transactions (including the sale of pawn loan collateral).

(3) For purposes of paragraph (b) of this section, the terms “purchase” and “sale” do not include a retail transaction in which a retailer or a dealer accepts from a customer covered goods, the value of which the retailer or dealer credits to the account of the customer, and the retailer or dealer does not provide funds to the customer in exchange for such covered goods.

(4) For purposes of paragraph (b) of this section and § 1027.210(a), the terms “purchase” and “sale” do not include the purchase of jewels, precious metals, or precious stones that are incorporated into machinery or equipment to be used for industrial purposes, and the purchase and sale of such machinery or equipment.

(5) For purposes of applying the \$50,000 thresholds in paragraphs (b)(1) and (b)(2)(i) of this section to finished goods defined in paragraph (a)(4) of this section, only the value of jewels, precious metals, or precious stones contained in, or attached to, such goods shall be taken into account.

(c) *Jewel* means an organic substance with gem quality market-recognized beauty, rarity, and value, and includes pearl, amber, and coral.

(d) *Precious metal* means:

(1) Gold, iridium, osmium, palladium, platinum, rhodium, ruthenium, or silver, having a level of purity of 500 or more parts per thousand; and

(2) An alloy containing 500 or more parts per thousand, in the aggregate, of two or more of the metals listed in paragraph (d)(1) of this section.

(e) *Precious stone* means a substance with gem quality market-recognized beauty, rarity, and value, and includes diamond, corundum (including rubies and sapphires), beryl (including emeralds and aquamarines), chrysoberyl, spinel, topaz, zircon, tourmaline, garnet, crystalline and cryptocrystalline quartz, olivine peridot, tanzanite, jadeite jade, nephrite jade, spodumene, feldspar, turquoise, lapis lazuli, and opal.

(f) *Retailer* means a person engaged within the United States in the business of sales primarily to the public of covered goods.

Subpart B—Programs

§ 1027.200 General.

Dealers in precious metals, precious stones, or jewels are subject to the program requirements set forth and cross referenced in this subpart. Dealers in precious metals, precious stones, or jewels should also refer to subpart B of part 1010 of this chapter for program requirements contained in that subpart which apply to dealers in precious metals, precious stones, or jewels.

§ 1027.210 Anti-money laundering programs for dealers in precious metals, precious stones, or jewels.

(a) *Anti-money laundering program requirement*. (1) Each dealer shall develop and implement a written anti-money